

City Council Budget Worksession

Regarding the FY2016
Proposed Budget

August 10, 2015
Frisco Senior Center
6670 Moore Street
Frisco, TX

General Fund Proposed FY16 Budget Goals

The Proposed Budget furthers our attainment of the following focus areas:

- Maintain excellent service levels
 - Class and Compensation Study adjustments totaling \$3,020,000 to be implemented in October
 - \$600,000 continues for the Library Department materials
 - \$5,704,178 in new staff (salaries, benefits, capital and operational costs)
 - Maintaining qualified staff with performance based merit (up to 3%)
- Fund necessary operational increases of \$737,357
- Maintain tax rate
 - At \$0.4600
- Senior Tax Exemption
 - 25% of the median home value of \$378,593 is \$69,648
 - We have meet with the Budget and Audit Committee to recommend an increase
- Support the Capital Reserve Fund policy
 - Transfer of \$6,651,476 in FY15
 - Projected Ending Capital Reserve Fund Balance of \$10,803,875 in FY16

FY16 Budget Calendar

Key Dates

July 1	Budget and Audit Committee Meeting.
August 4	Budget and Audit Committee Meeting. City Manager submits Proposed Budget to City Council. Copies available on the City Web Page.
August 10	Presentation of the Proposed Budget at the City Council Worksession. Vote to advertise the proposed tax rate.
August 18	1 st Public Hearing on the Proposed Budget.
August 24	1 st Public Hearing on the tax rate.
September 1	2 nd Public Hearing on the Proposed Budget and 2 nd Public Hearing on the tax rate.
September 15	Council adopts Budget, Fee Ordinance, and sets tax rate.
October 1	New fiscal year begins.

General Fund Proposed FY16 Revenue

- Key Points
 - Property Tax Value
 - Sales Tax
 - Franchise Tax
 - Building Permits

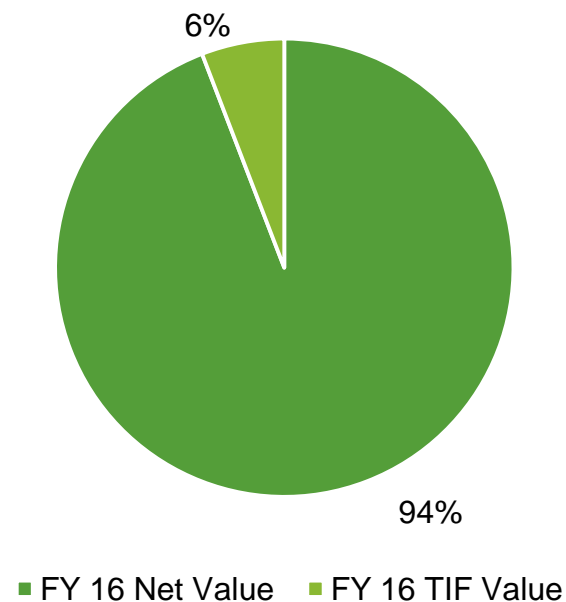
Certified Taxable Value

FY15 Total Assessed Value	\$18,046,803,425
Increased Value to Existing Properties	\$1,740,377,456
New Improvements	\$1,008,288,943
FY16 Total Assessed Value	\$20,795,469,824

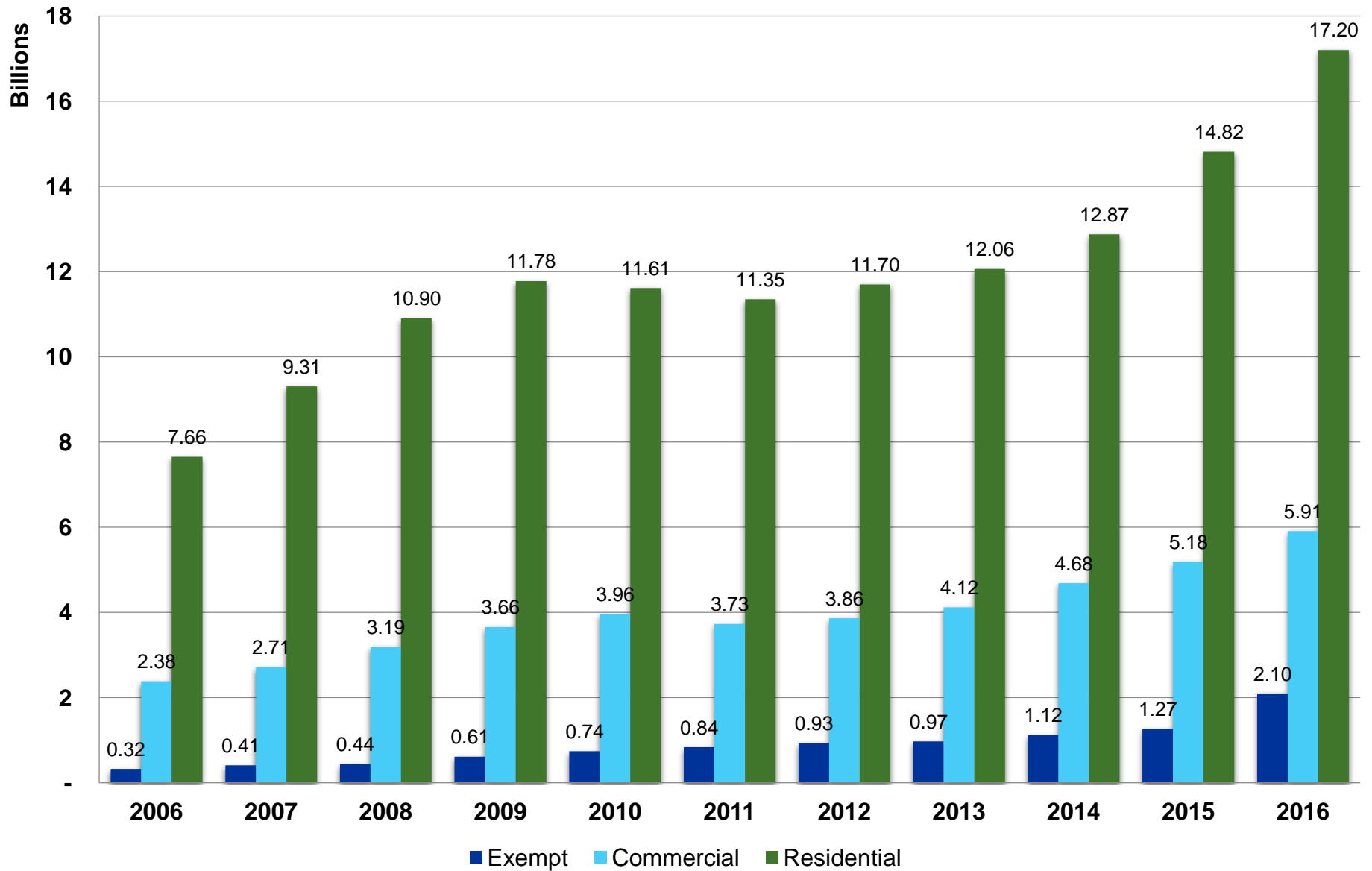
Certified Taxable Value

Total Taxable Value	\$20,795,469,824
TIRZ Captured Value	\$1,215,252,841
Net Taxable Value	\$19,580,216,983

**FY 16 Net Value less
TIRZ
\$19,580,216,983**



Commercial and Residential Market Value (less total Exempt Property)



Property Tax Rates

Current M&O Rate = .286791

Debt Rate = .173209

Current Tax Rate = .460000

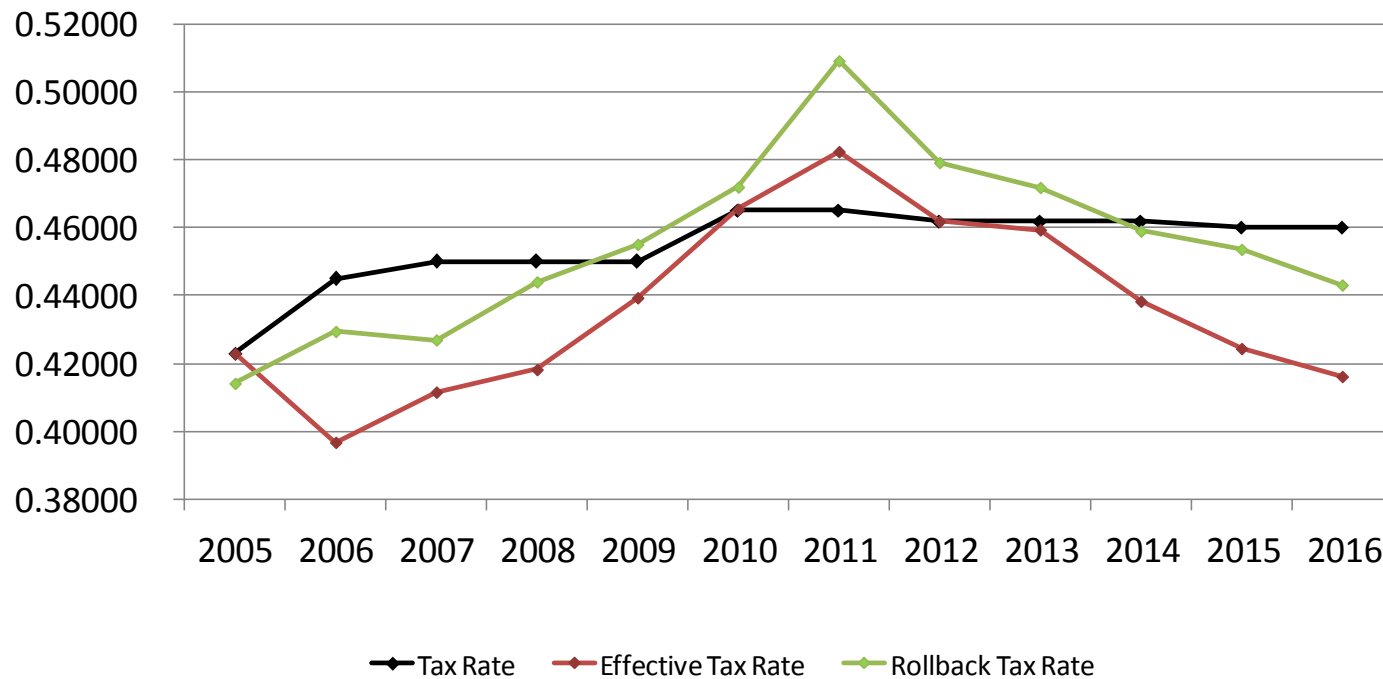
Proposed M&O Rate = .297064

Debt Rate = .162936

Proposed Tax Rate = .460000

Increase in M&O Rate: .010273

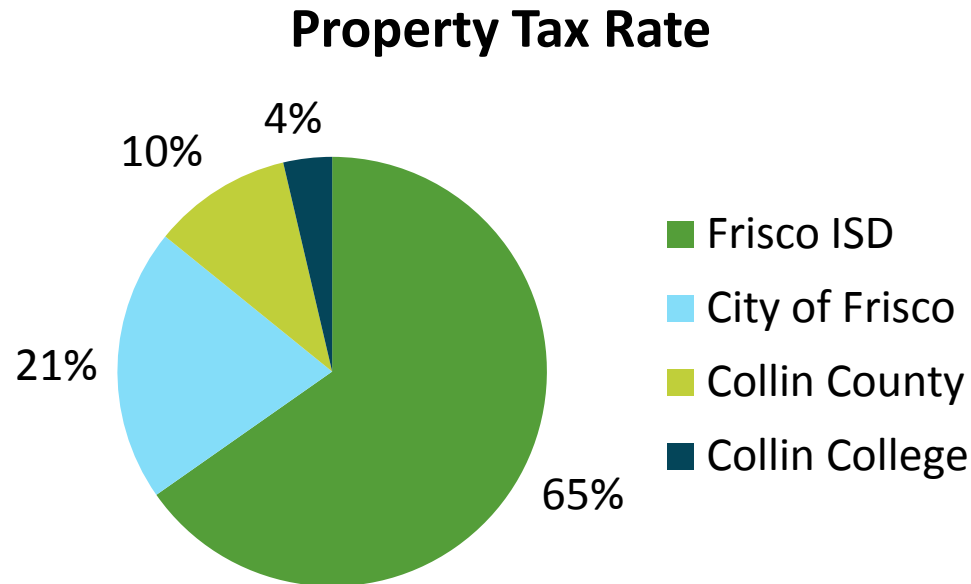
History for ETR and Rollback Rates



Proposed Tax Rate

- Effective tax rate is \$0.416176 and the rollback rate is \$0.443152
- This budget will raise more revenue from property taxes than last year's budget by an amount of \$7.3 million, which is an 8.82% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$4.6 million.
- Policy Goal to allocate a minimum of 65% of the tax rate to the General Fund.
 - The M&O to I&S ratio is 65% to 35% was achieved this year
 - Increased slightly from FY15 split of 62% to 38%

Average Home Value



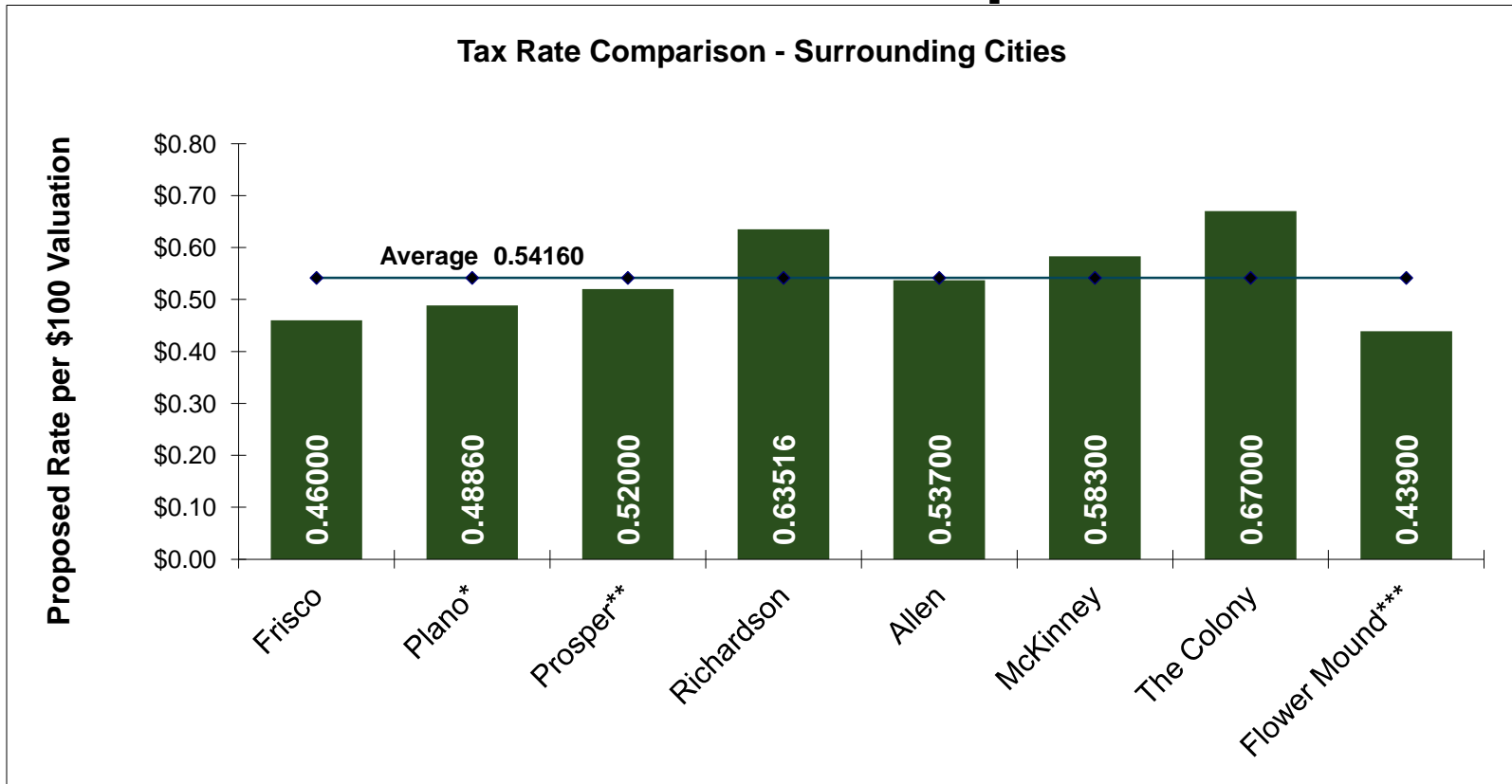
2015 Average Frisco Home Value \$356,832

Operations \$1060

Debt \$ 581

Total Taxes Due: \$ 1,641

Tax Rate Comparison



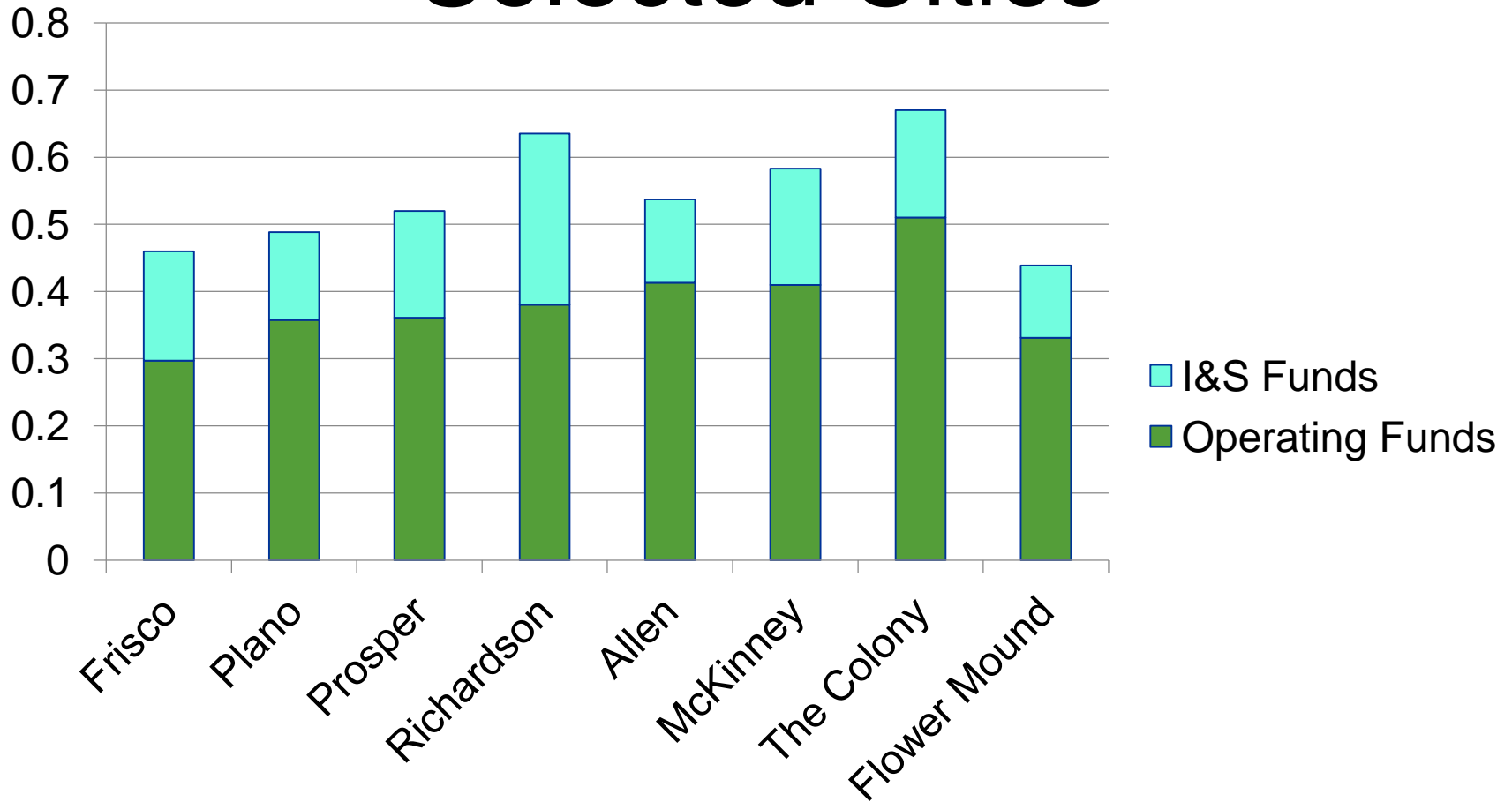
All rates are FY16 Proposed

*Grants homestead exemption

** Has a $\frac{1}{2}$ % sales tax for property tax relief

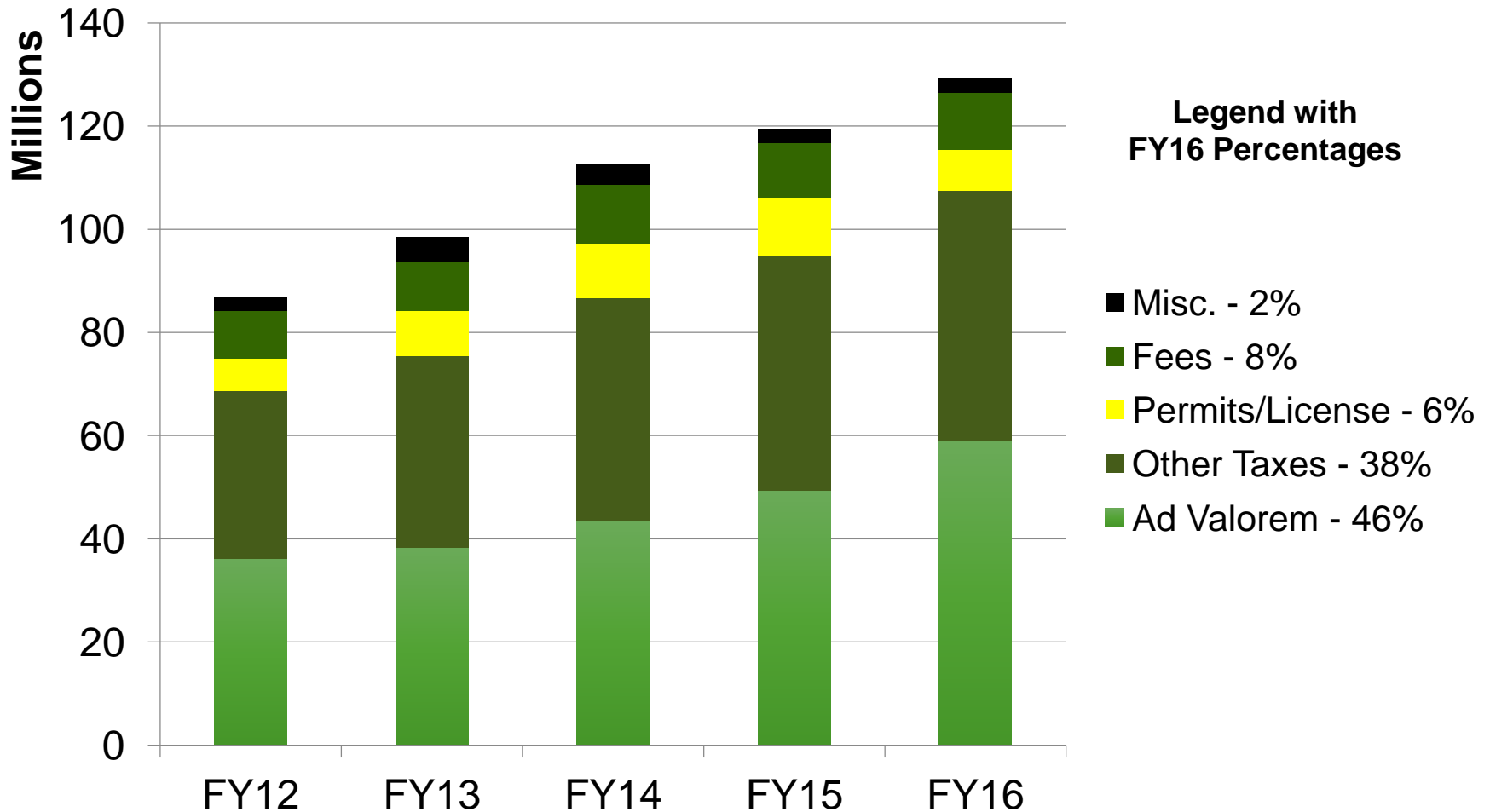
*** Has a $\frac{3}{4}$ % sales tax for property tax relief

Property Tax Rates for Selected Cities



Average M&O Rate .382603

General Fund Revenues

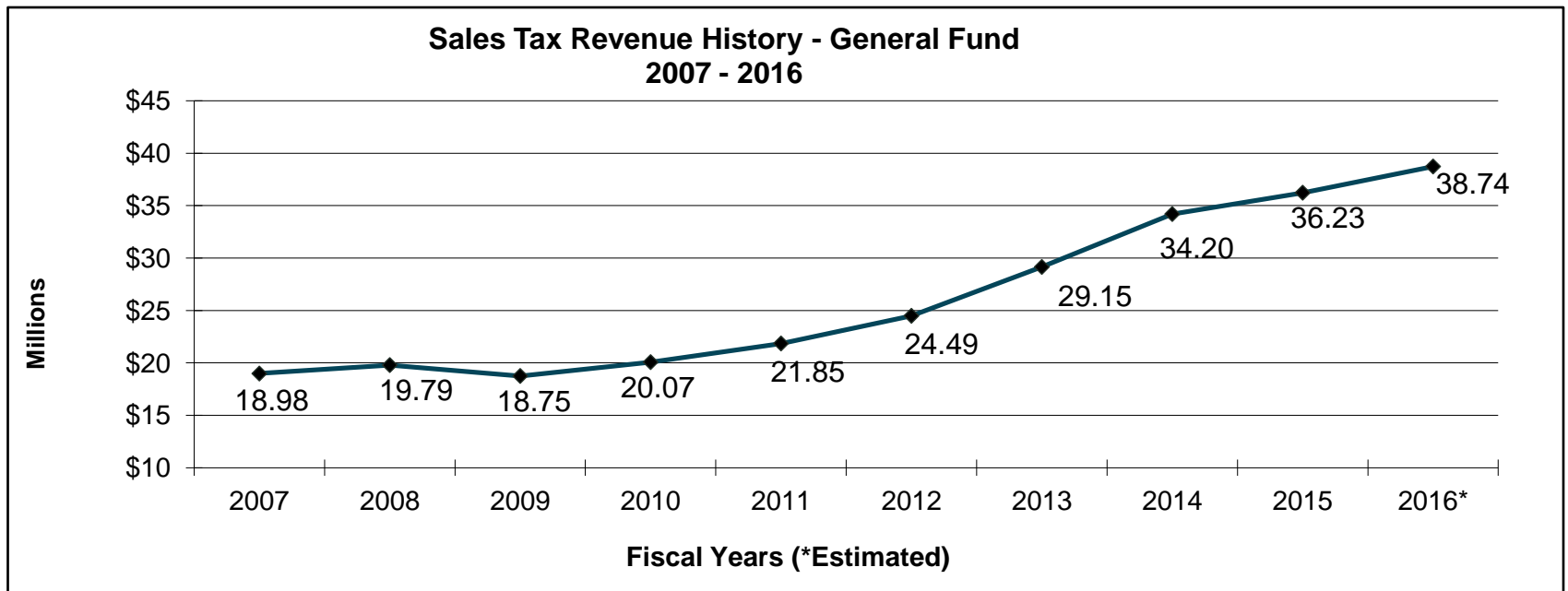


General Fund Projections

- Property tax revenue increase due to increase in value and increase in M&O rate.
- Sales tax increase of \$2.5 million (7%) over Revised FY15.
- Franchise tax revenue increases of 5%.
- The Sales Tax Revenue and Franchise Tax Revenues represent 37.53% of total revenues.
- Revised FY15 Building Permit Revenues estimated at \$10 million.
- FY16 Building Permit Fees are projected at \$6.725 million.

General Fund Revenues

Sales Taxes



- Sales Tax Revenue projected to increase 7% over Revised FY 2015 to \$38.7 million.
- Revised FY 2015 projection is \$36.2 million.
- July YTD sales tax revenues are 17.37% more than those of the previous year.

General Fund Changes

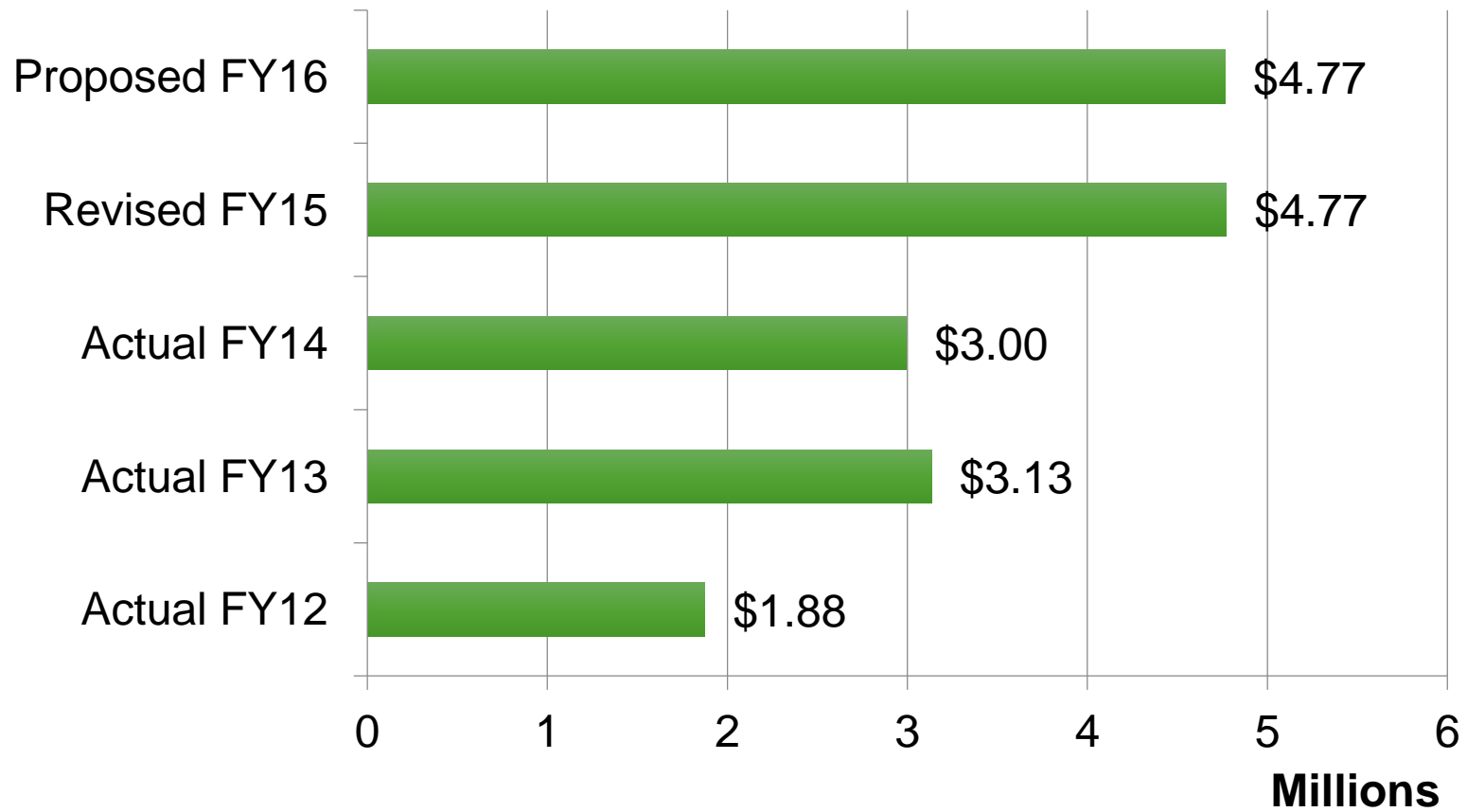
- A total of 57.5 FTE additional positions are included in the proposed General Fund Budget at a total cost of slightly more than \$5.7 Million.

Fire Department	10	Human Resources	1
Police Department	18	Administrative Services	4
Development Services	6	Engineering Services	2
Parks and Recreation	7.5	Information Services	3
City Secretary's Office	1	Public Works	3
Library	2		

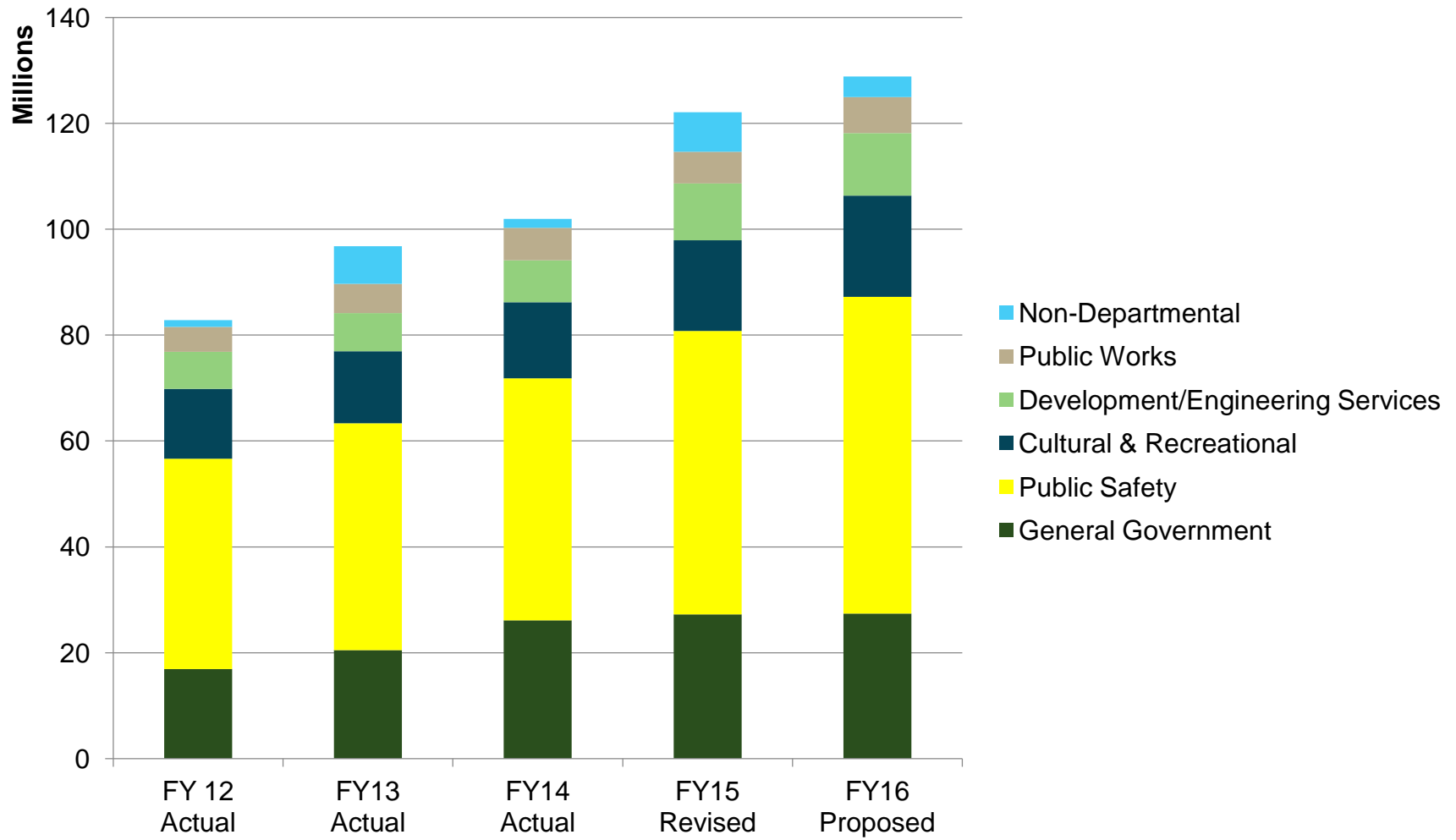
Compensation Adjustments

- Funding for \$3,125,000 is appropriated for salaries and benefits in response to the Class and Compensation Study that was conducted in FY15.
- Funding for up to a 3% merit-based increase for all City employees or one 3% step for police and fire personnel, is included in FY16 projections at approximately \$2.3 million.
- We are fully funding TMRS at a rate of 14.13% for 2016.
- Insurance costs are based on our consultant's evaluation of costs and funding requirements. We anticipate a rate increase to the City and our employees. We are including \$580,000 for the City share. And we are proposing a transfer of \$700,000 to the Insurance Reserve Fund.

General Fund Capital Expenditures and Transfers



General Fund Expenditures

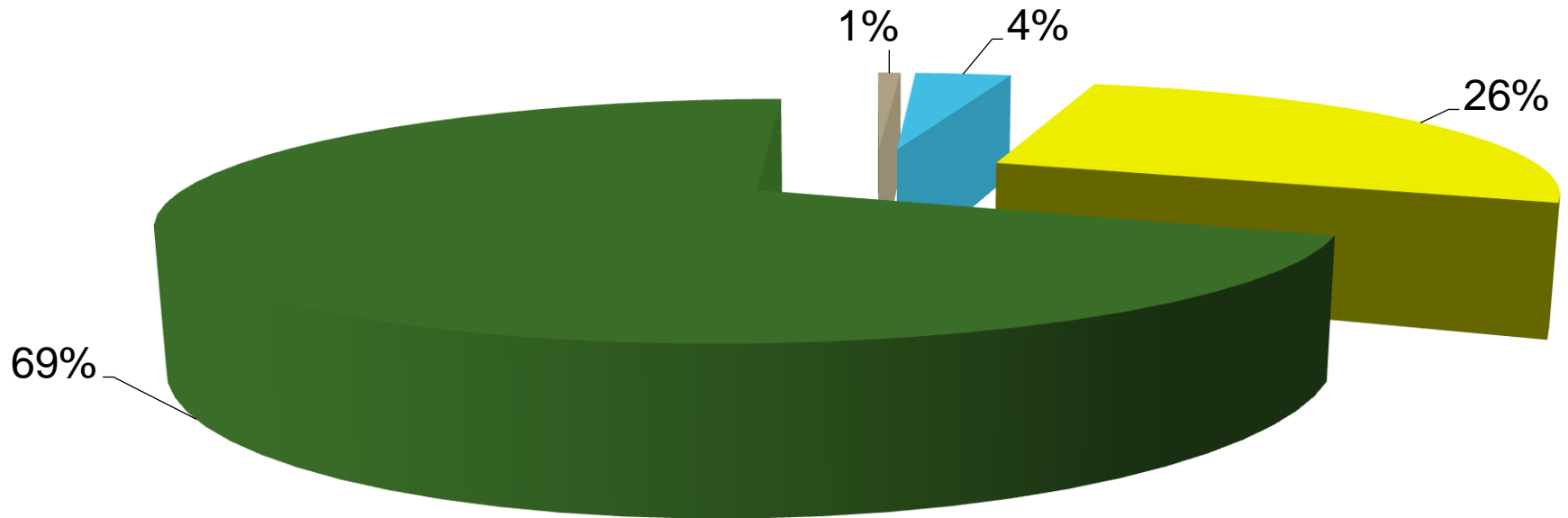


*Increase from FY15 to FY16 is 5.52% or \$6.7 M.

General Fund Expenditures FY16

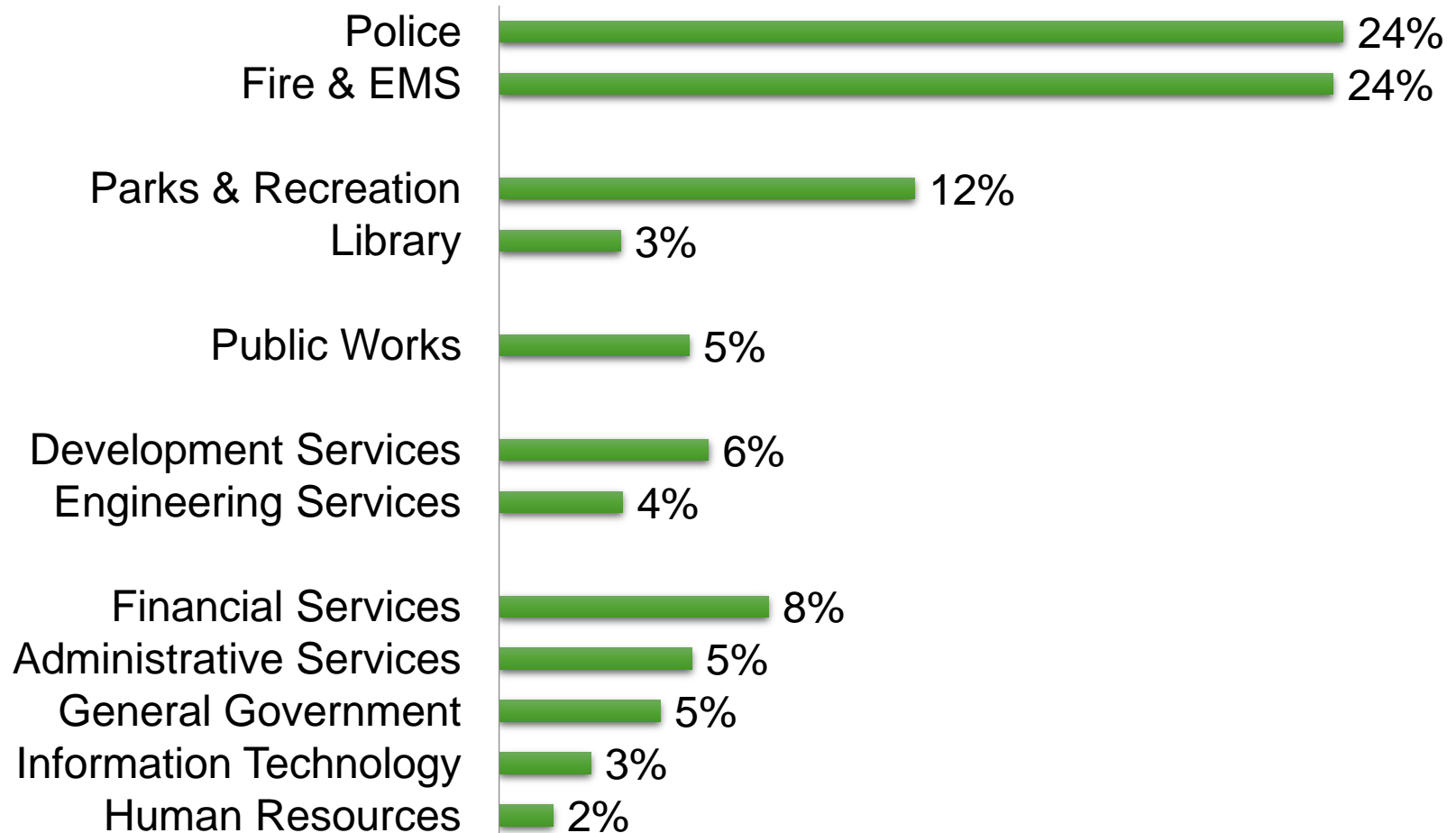
Expenditures by Category

■ Transfers ■ Capital ■ Operations ■ Salary & Benefits

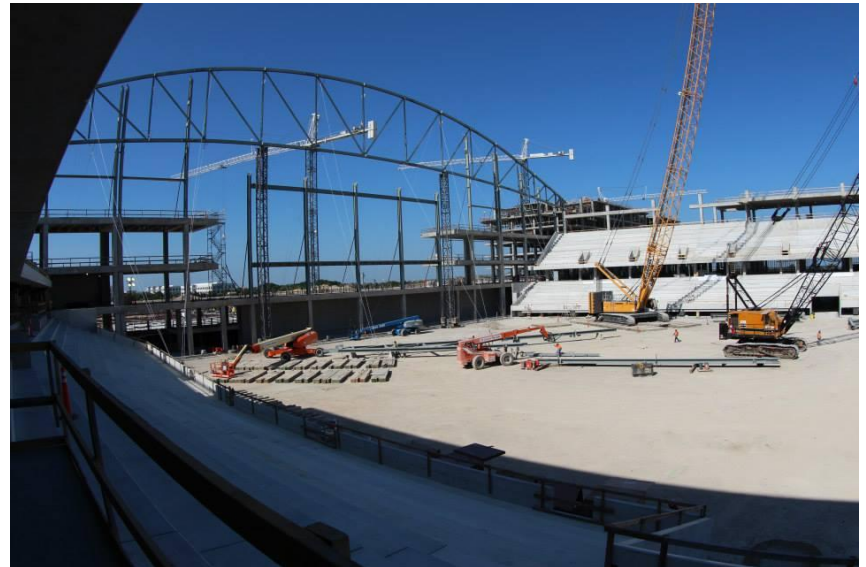


General Fund Expenditures

Department as Percent of Total



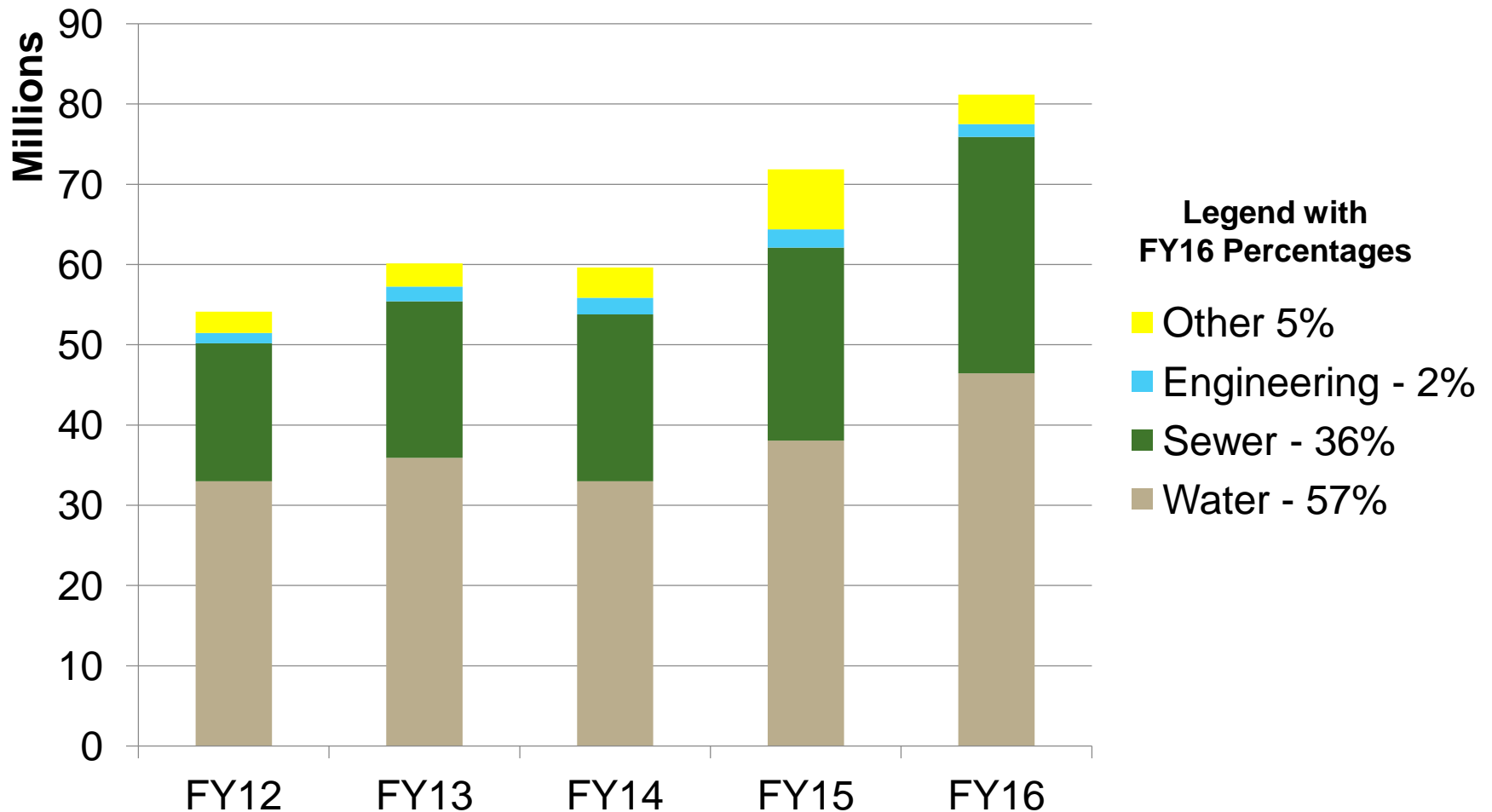
Capital Projects – Combined Years



Enterprise Funds

- Utility Fund
- Environmental Services Fund
- Stormwater Fund

Utility Fund Revenues

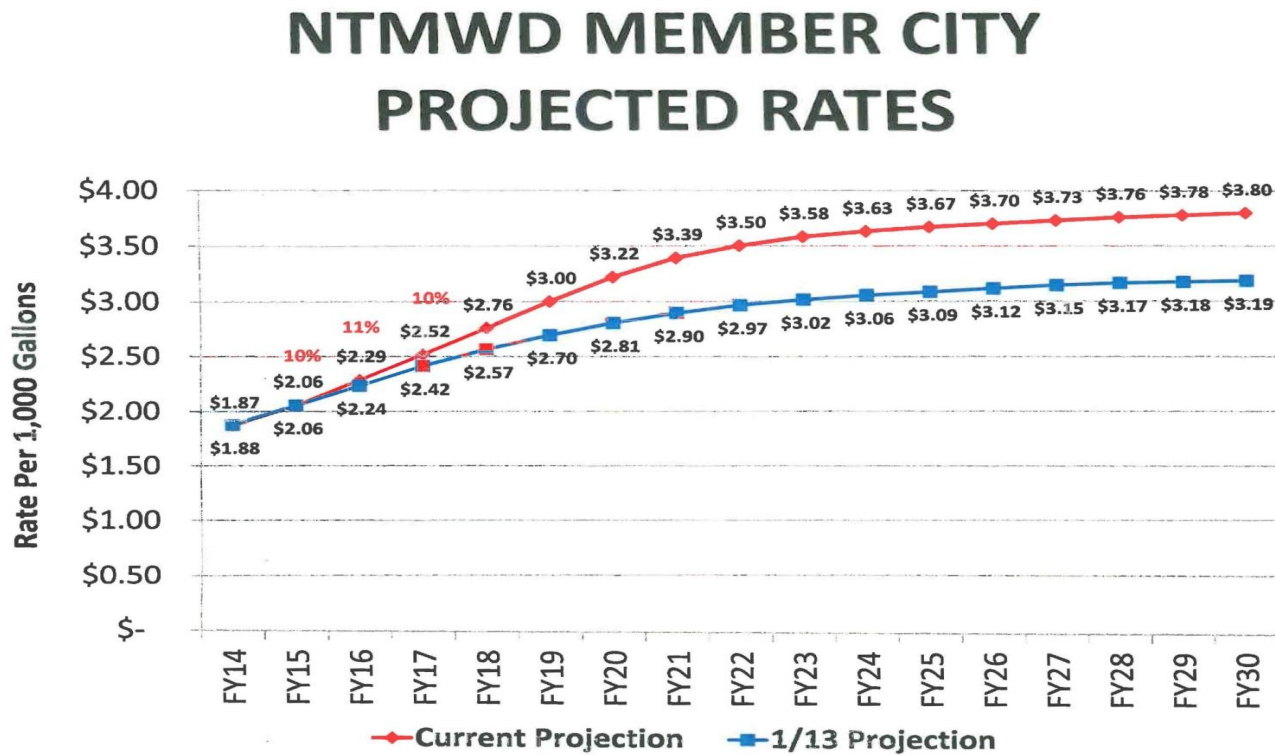


Utility Fund Proposed FY16 Budget Revenue

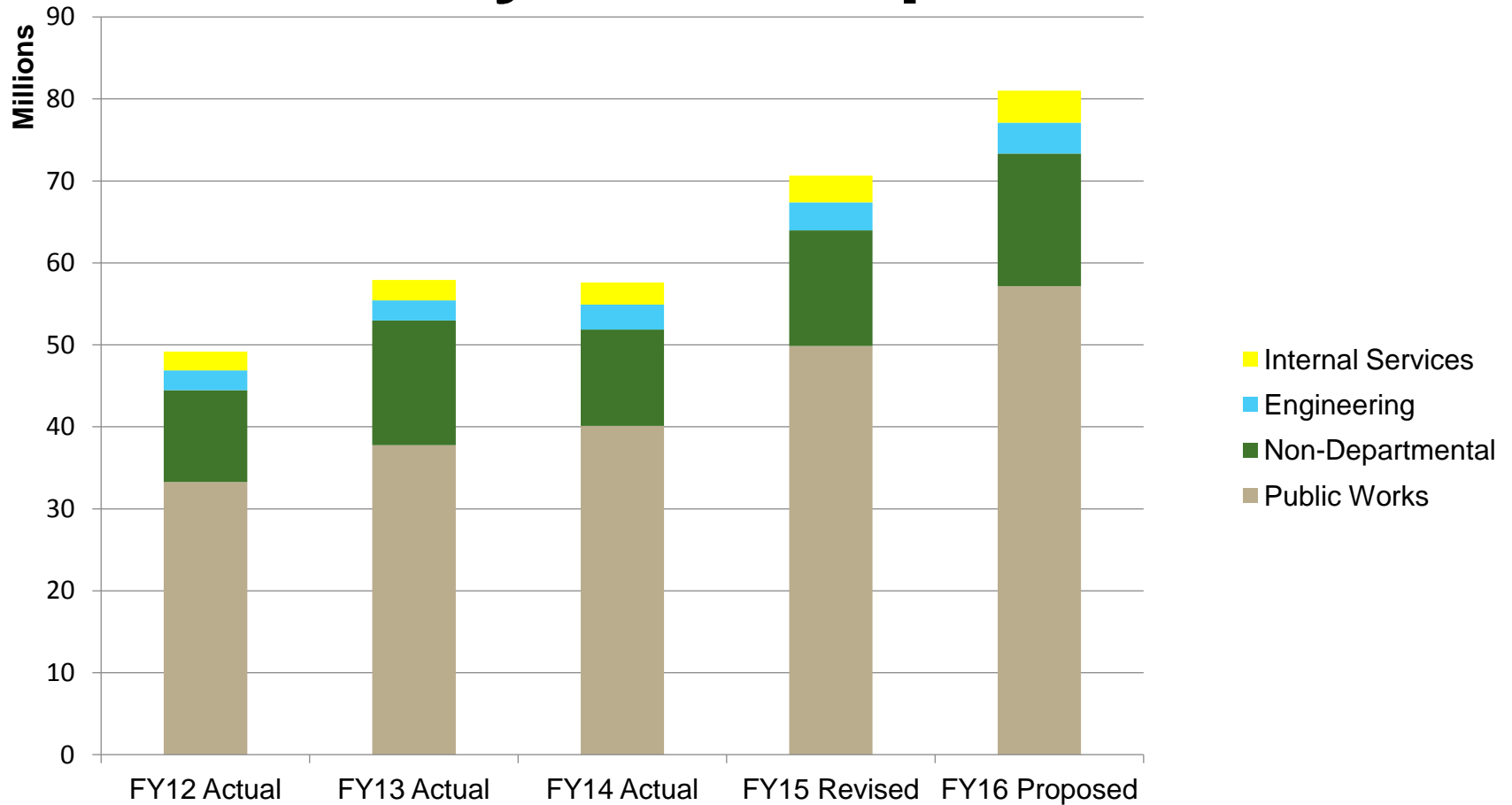
UTILITY FUND

- Key Revenue Drivers
 - Water Rate
 - Sewer Rate

Utility Fund Proposed FY16 Budget Rates



Utility Fund Expenses



*Approximately 14% increase over FY15

Utility Fund Changes

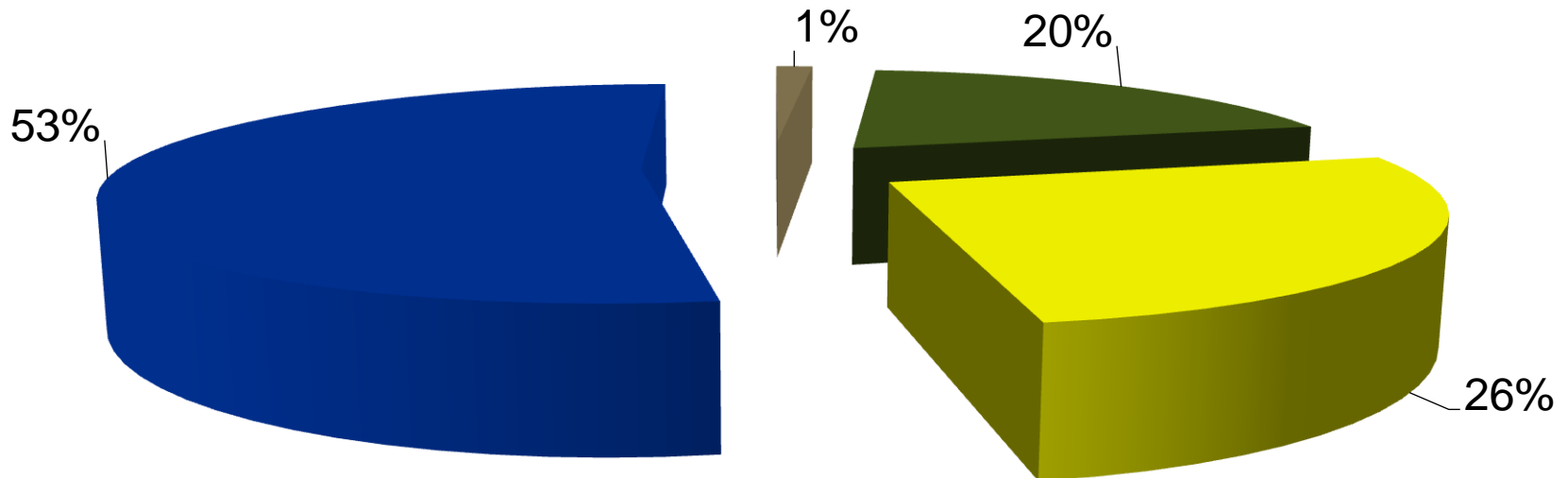
- A total of 11 FTE are proposed. Total funding for these positions is \$912,940.

Public Works	7
Information Technology	2
Engineering	2

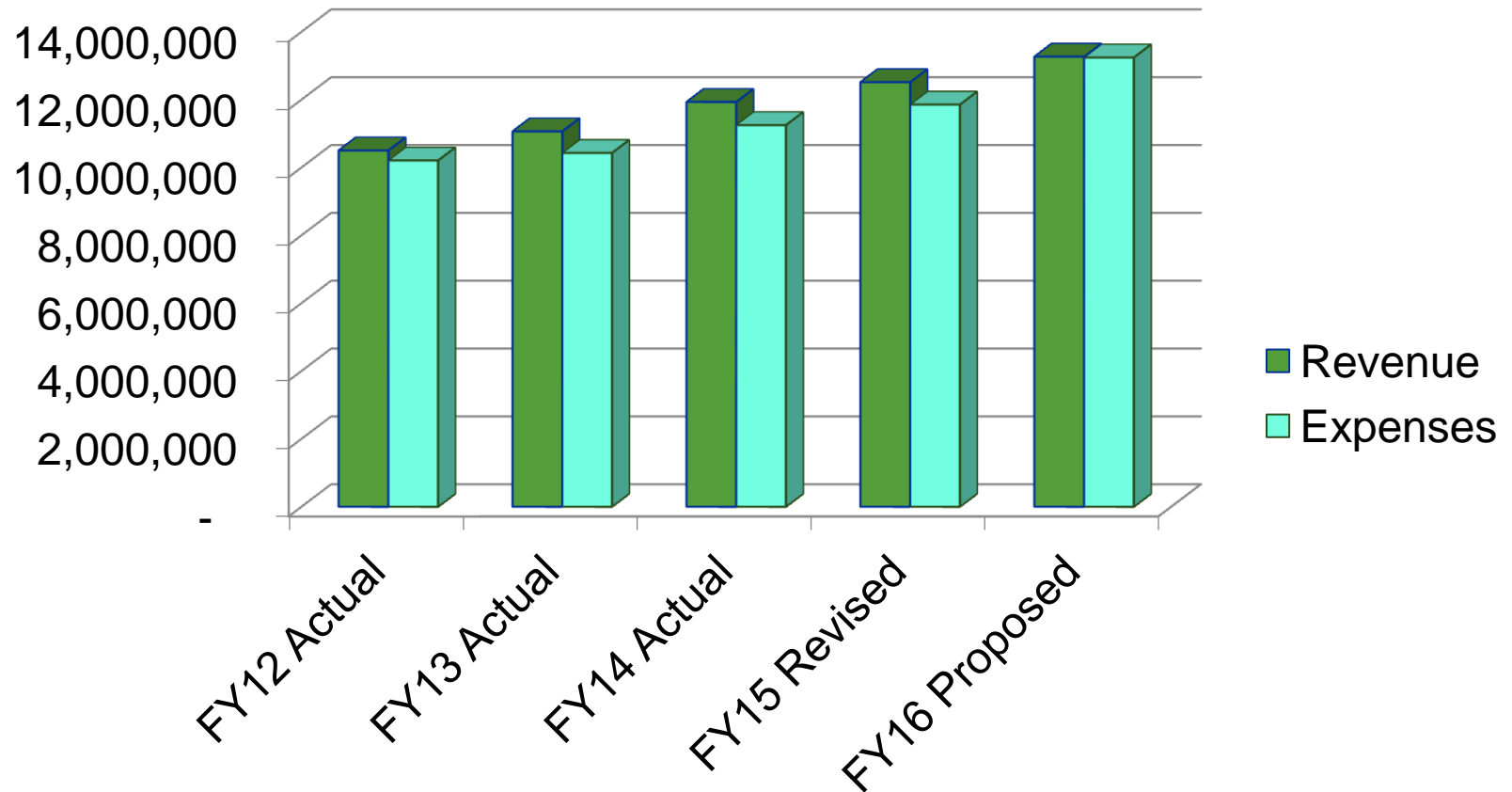
Utility Fund Expenses FY16

Expenses by Category

■ Capital ■ Debt Service ■ Operations ■ NTMWD



Environmental Services Revenues & Expenses

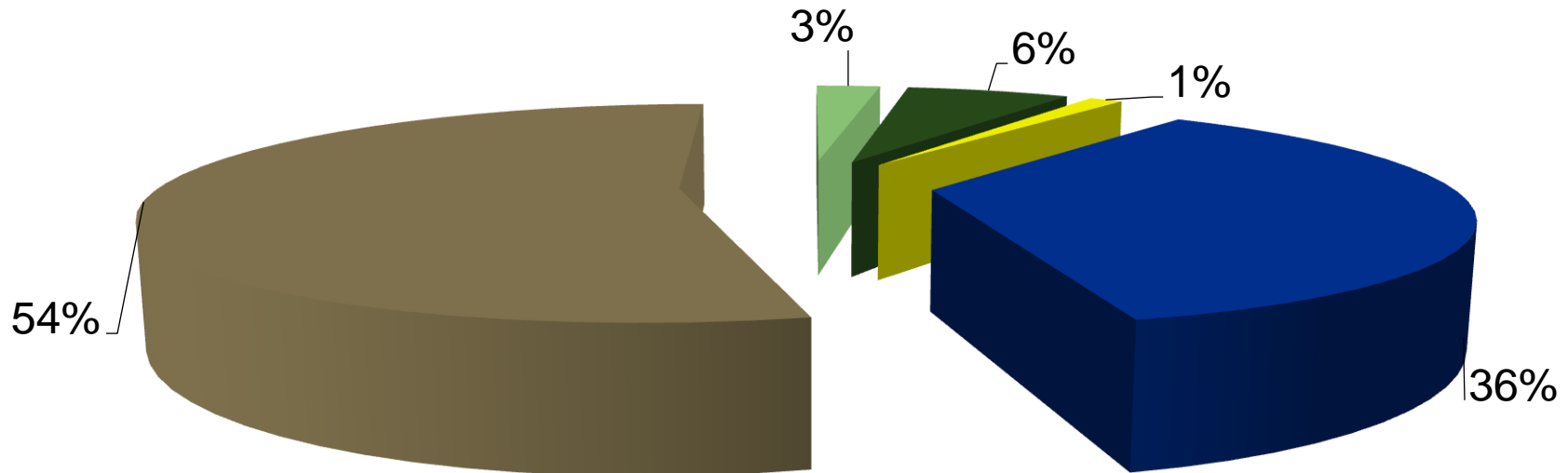


Environmental Services Fund

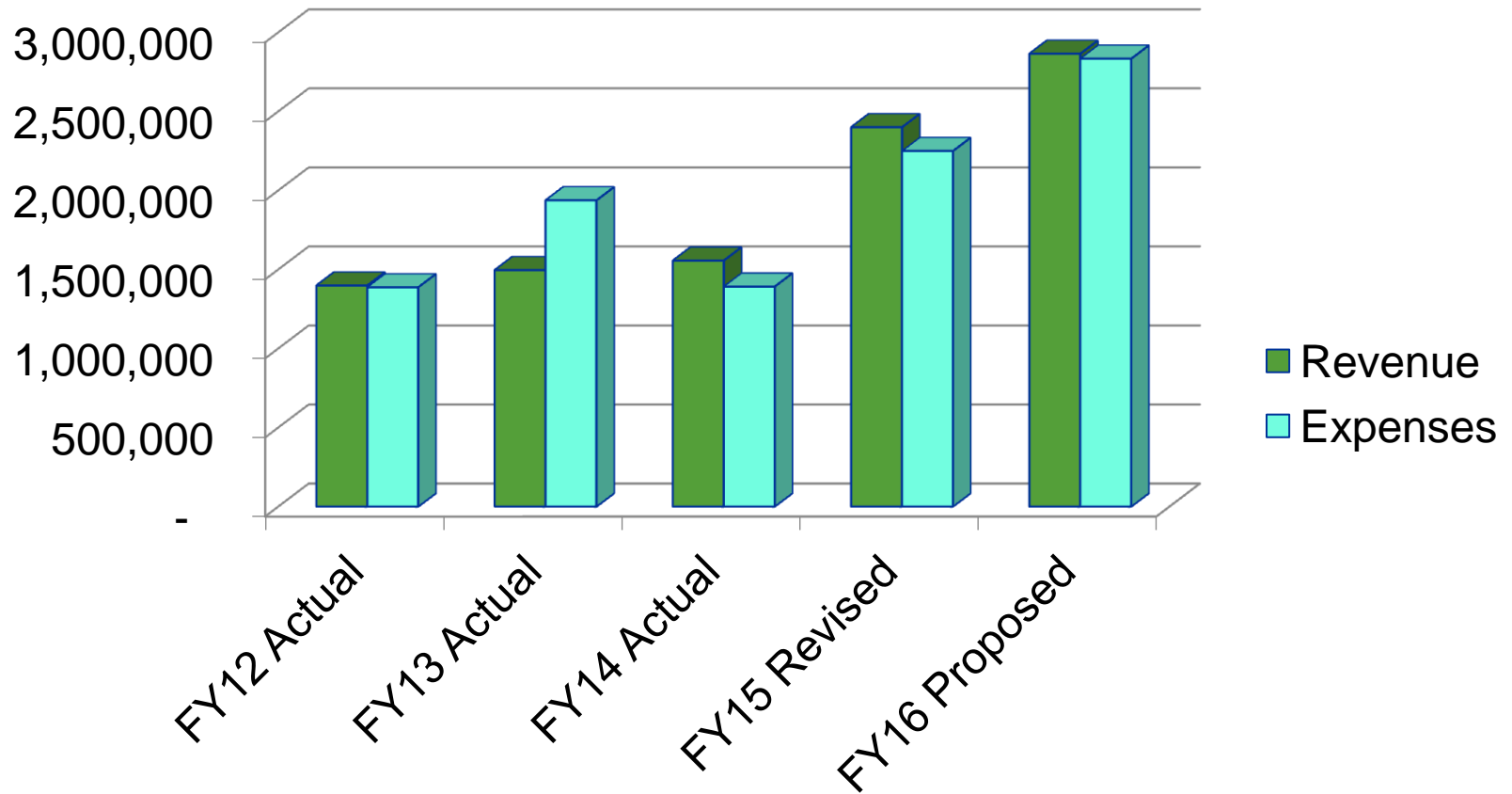
Expenses by Category

Expenses by Category

Operations Salary Capital NTMWD Contractors



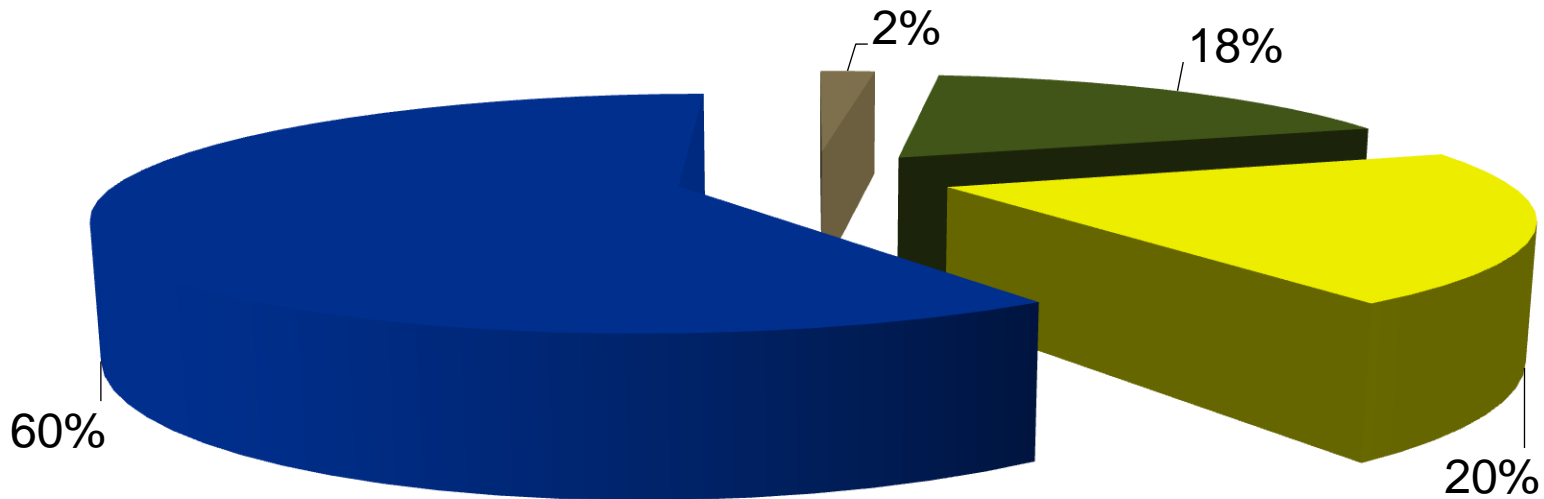
Stormwater Revenue & Expenses



Stormwater Fund Expenses by Category

Expenses by Category

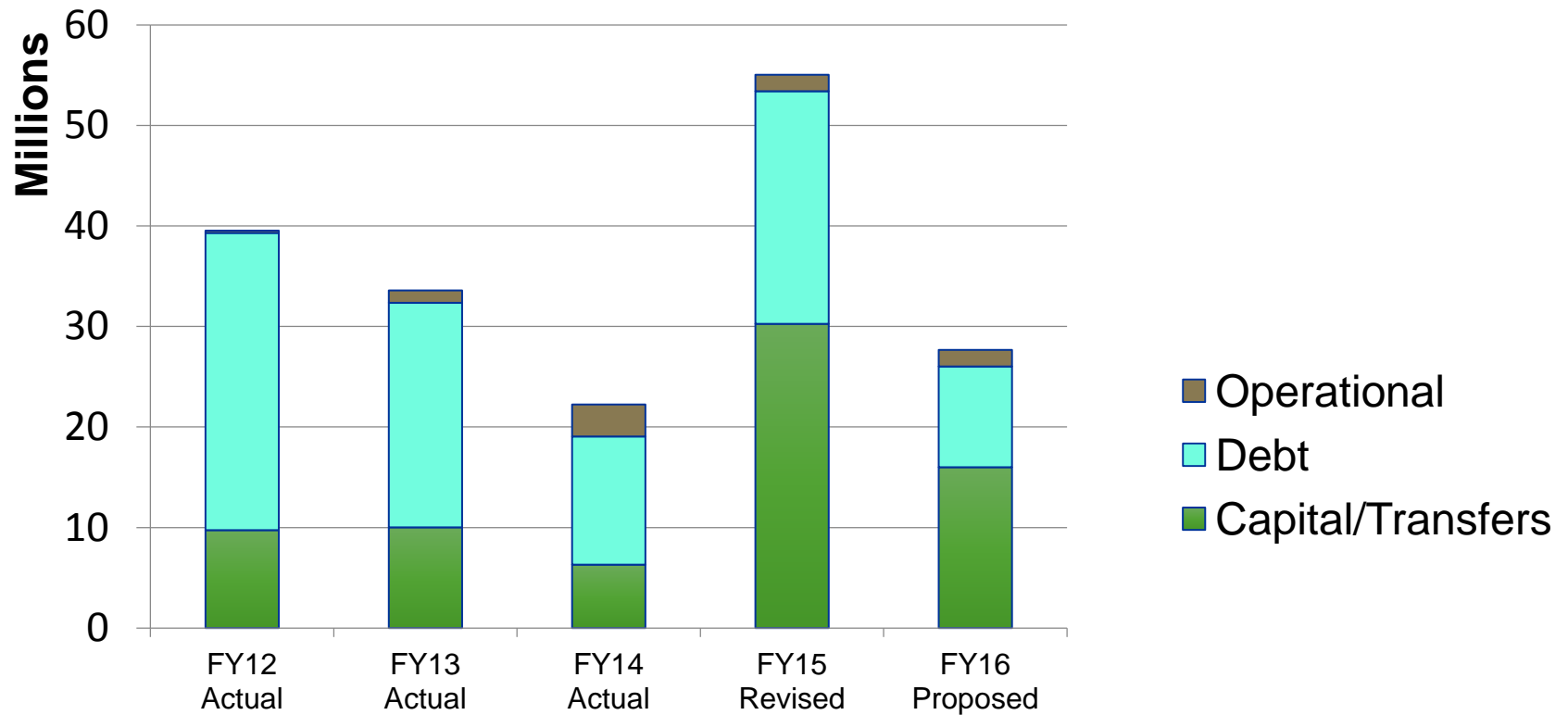
- Capital Outlay
- Interfund Transfers (Capital Projects)
- Professional Services
- Operations (including salary)



Other Funds

- Community Development Fund
- Economic Development Fund
- Hotel / Motel Fund

Community Development Fund Expenditures



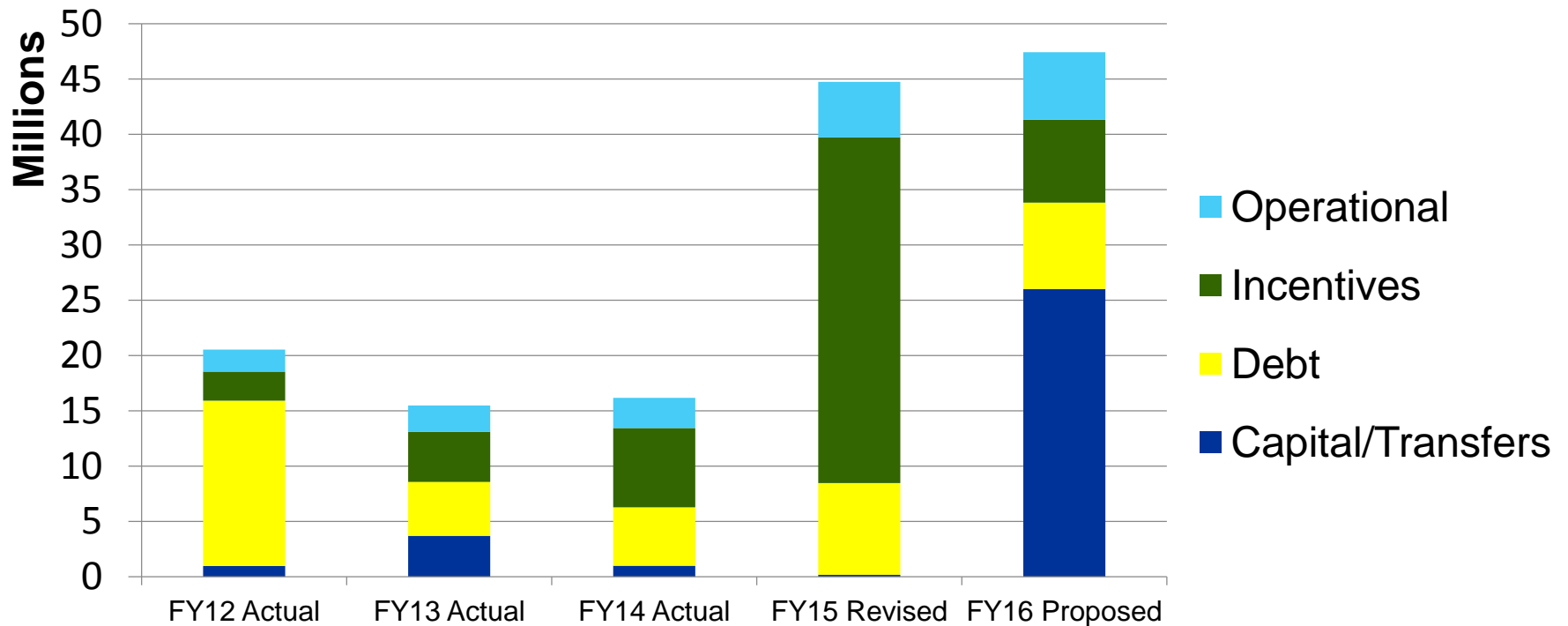
Community Development Fund Expenditures

- FY15 Appropriations include:
 - Land - \$630,000
 - Frisco Discovery Center Back of House - \$1,225,431
 - Railroad Museum Mini Train - \$44,797
 - Commitment to the Video Game Museum, \$100,000
 - Construction Costs for the FAC Expansion - \$5,739,738
 - Dr Pepper Ballpark Improvements - \$5,859,430
 - Veteran's Memorial Walk of Honor - \$238,609
 - Dog Park - \$1,000,000
 - Construction of Northeast Community Park - \$9,900,000
 - Construction Costs Bacchus Ballfields Phase III - \$5,274,311
 - And Debt service and sales tax grant requirements \$23,038,870

Community Development Fund Expenditures

- FY16 Appropriations include:
 - Exide Property - \$16,000,000
 - Debt service and sales tax grant requirements - \$11,520,538

Economic Development Fund Expenditures



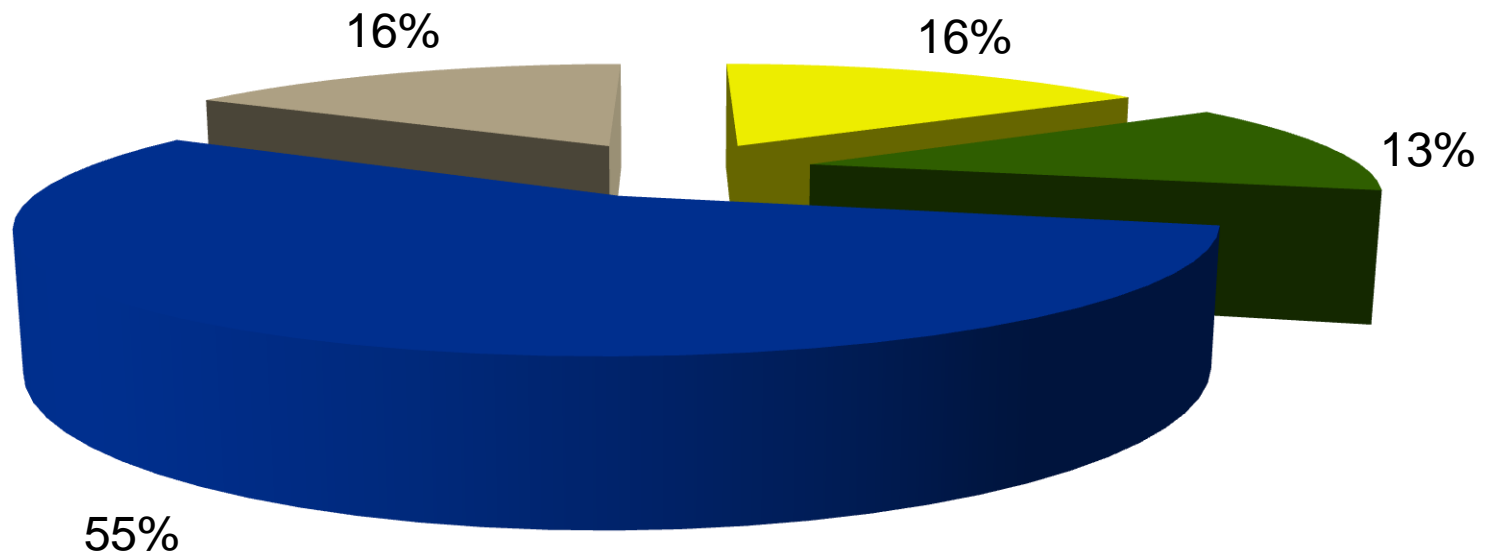
Economic Development Fund Expenditures

- FY 2015 appropriations fund approximately:
 - \$5 million in operations
 - \$31.2 million in incentive agreements
 - \$8.3 million in debt service requirements
- FY 2016 appropriations continue approximately:
 - \$6 million in operations
 - \$26 million in capital/transfers
 - \$7.5 million for incentive agreements
 - \$7.7 million in debt service requirements

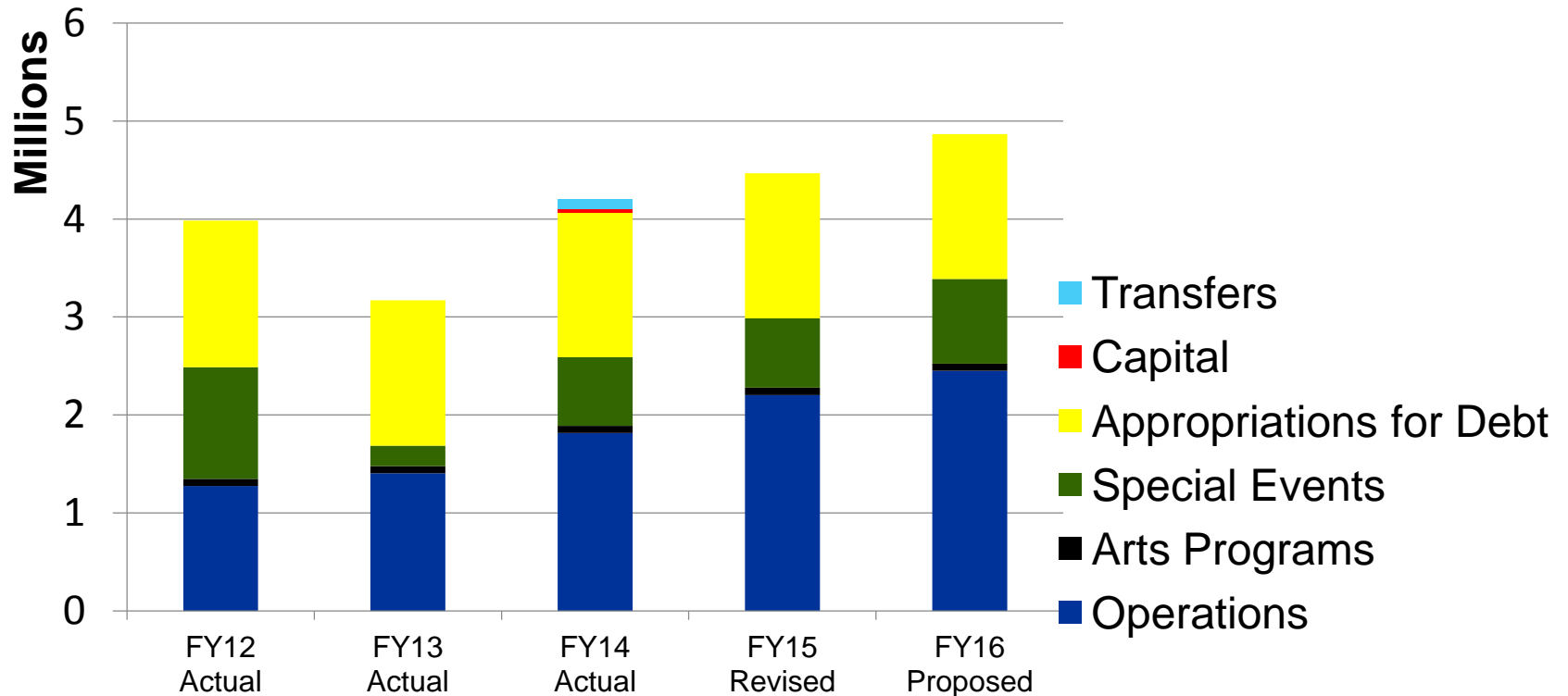
Economic Development Fund Expenditures

Expenses by Category

■ Incentives ■ Operations ■ Capital/Transfers ■ Appropriation for Debt



Hotel / Motel Fund Expenditures



Rates-Fee Ordinance Update

- Water rate – pass through of the increase from NTMWD on the volume change = \$0.23
- Sewer rate – combination of an increase in the minimum base charge and an increase in the volume change
- Fire ambulance rate – last amended in 2010 to account for itemized billing. However, rules and regulations governing payment collections have evolved and it would be beneficial for our fee structure to adjust. In addition, our fees need to increase in order to be on average and within the median values of our North Texas survey data.

Opportunities for Citizen Input

- Information regarding the Proposed Budget is available on the City Web Page through the Government or Financial Transparency link.

City Council Budget Worksession Regarding the FY2016 Proposed Budget

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